



August 30, 2000 (Revised)

Mr. Tom Brymer
City Manager
City of College Station
1101 Texas Avenue
College Station, Texas 77842

RE: Advisory Services in connection with a Proposed Full Service Hotel as part of a Multi-Purpose Conference Center Development - College Station, Texas

/ Dear Mr. Brymer;

Pursuant to our discussions, PricewaterhouseCoopers ("PwC") is pleased to present this engagement later to provide advisory services in connection with the City of College Station, Texas' ("City") objective of securing a full-service hotel/conference center ("Subject") operator. The hotel is to be located adjacent to a multi-purpose conference center ("Project") to be built by the City in a joint venture with its partner TAC Realty. The scope of services outlined in this document is intended to assist the City in achieving this objective.

This letter sets forth our qualifications, our understanding of the services required, a description of the related scope of work, time frame, and professional fees necessary to complete the engagement.

ENGAGEMENT BACKGROUND

Based on our recent conference call, the City asked PwC to provide a scope of services that will lead the City through the process of identifying and selecting a hotel/conference center operator who will bring operating experience and technical expertise to this mixed-use development. The City would like PwC to assist the City in preparing a project marketing package, request for proposal document, and coordinate the process of identifying, selecting, and negotiating an operating agreement with a qualified third party.

SCOPE OF SERVICES

To meet City objectives, PwC will undertake the following scope of work.

Phase I - Package Preparation

To complete Phase I, we will use a portion of the results of previous reports prepared for the City as well as PwC's in-house resources to assist the City in preparing a marketing brief which will contain an overview of the Project, a market assessment that will yield insightful project information, city provided project enhancements, deal structuring requirements, and market data to potential candidates. Phase I has been completed.

Phase II - Target Company Identification and Presentation, and Development of RFP

PwC will, during this phase, distribute the marketing brief to recognized hotel operators. The target list will be presented to City for approval. PwC will distribute, at a minimum, ten packages.

For those companies who express an interest, we will make the appropriate introductions, and set up the process of information gathering and an initial interest meeting with City and TAC Realty. PwC will assist the City in drafting, compiling, and distributing a request for proposal to be sent to companies PwC has identified as expressing an interest in the project. Additionally, PwC will provide sufficient information to the operator to allow a response to the proposal. PwC may also provide selected qualifications and reference checks on hotel operators as requested by the City. This phase should be completed within 30 to 45 days after approval of this agreement.

Phase III - Evaluation of Proposals

PwC will assist the City with the evaluation of the proposals and will consider the following criteria:

- Company's experience with full-service hotels in comparable development scenarios;
- Company's experience with full service hotels operating in conjunction with a conference center in comparable development scenarios;
- Company's experience with managing and operating conference centers or similar uses;
- Company's experience within a university and association environment;
- Brand delivery capability if appropriate;
- Proposed deal structure and terms;
- Company performance history and referrals;
- Experience with opening new properties and technical service capabilities;
- Understanding of the Texas hotel market

Approximately 30 days after receipt of the last proposal, PwC will prepare a summary of its findings, comparing each company on the basis of the aforementioned criteria and identifying strengths and weaknesses of each. This evaluation process will provide a basis for the City's and TAC Realty's decision making.

Phase IV - Negotiation of the Deal

Shortly after selection, PwC will be in a position to assist City and TAC Realty in negotiating the agreement. Essentially, PwC will provide counsel with certain business points that will be required to assure that the negotiated structure is in keeping with current market conditions and dynamics.

This step typically takes between 30 and 60 days to complete.

Mr. Tom Brymer
City of College Station

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3

PROFESSIONAL FEES

Based on a detailed work plan and estimate of project man-hours to complete the preceding defined tasks, our professional fees for the consulting services described herein will be as follows:

<u>Phase</u>	<u>Fees</u>
Phase I: Marketing Package Preparation	\$15,000
Phase II: Target Developer Identification and Presentation and Development and Presentation of RFP	\$10,000
Phase III: Proposal, Evaluation and Selection	\$2,000 per RFP respondent not to exceed \$10,000
Phase IV: Deal negotiation assistance	Not to exceed \$5,000

Phases I through IV have been authorized through a previous contract not to exceed \$40,000.

Success Fee: At such time as the City and the Hotel/Conference Center Operator enter into an agreement, City will pay PwC the agreed upon fee of \$100,000 in two installments as follows: 50% at signing of hotel/conference center operating agreement and 50% when open for business.

PwC's professional fees are exclusive of all incidental out-of-pocket travel and related expenses, such as report production, acquisition of demographic/economic reports, allocation or office charges in support of our services including computer usage, telephone, facsimile transmission, postage, photo-reproduction and miscellaneous expenses. These expenses will be billed to City, in an itemized invoice, at actual cost.

If the decision is made to suspend the engagement, only professional fees and expenses incurred to date will be billed.

If the decision is made to suspend PwC's services, PwC requires thirty (30) days written notice and only fees and expenses incurred to date will be billed. Invoices will be submitted monthly. Payment by City will be made within 10 days of receipt of invoice.

PROJECT ORGANIZATION AND STAFFING

PwC has assembled a team of hospitality professionals from our Hospitality and Leisure Consulting Group who are specialists in market and financial analysis, business and strategic planning, financial structuring, management selection, contract negotiation, hotel development and hotel operations. Don Massagli, a Director, will lead the project team and have overall responsibility for the engagement. Don will work in coordination with Thomas Lattin who is located in Houston, Texas.

Mr. Tom Brymer
City of College Station

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4

~~CONDITIONS REGARDING THE USE OF WORK~~

PwC makes no representations or warranties regarding the accuracy of the conclusions contained in our analysis. Further, PwC's report shall remain subject to each of the conditions, limitations and assumptions stated therein.

Recognizing that PwC's role is advisory, and in partial consideration for the services to be rendered hereunder, the client agrees to indemnify PwC and its respective partners, principals, affiliates, agents and employees (PwC and each such person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint or several, to which any of such Indemnified Parties may be subject related to or arising out of the subject services and/or the engagement of PwC pursuant to this engagement letter. The client will reimburse any Indemnified Party for all expenses (including reasonable counsel fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of, any pending or threatened claim or action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. The client shall be liable under the foregoing indemnification provisions, except to the extent that any such loss, claim, damage, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted from the willful misconduct or gross negligence of such Indemnified Party. No Indemnified Party shall be liable for any losses, claims, damages or liabilities sustained by the Client (or any person claiming therein the client), except to the extent that any such loss, claim, damage, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted primarily and directly from the willful misconduct or gross negligence of such Indemnified Party.

This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party hereto without the prior written consent of the other parties hereto, except that it is understood that PricewaterhouseCoopers LLP may assign this Agreement or any portion of it to any successor in interest to all or part of its Financial Advisory Service practice without the prior written consent of any other party hereto.

Distribution of our work product, which is to be in its entirety only, and the conclusions therein, are intended for and restricted to the client and your advisors and should not be relied on for any other purpose. Other requested recipients of the report will be required to sign a waiver letter, which will be provided by PwC. Neither the report, nor any of its contents, nor any reference to our firm or signers of the letter, may be included or quoted in any document, offering circular, registration statement, prospectus, sales brochure, appraisal, loan agreement or other agreement without PwC's prior written approval.

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Mr. Tom Brymer
City of College Station

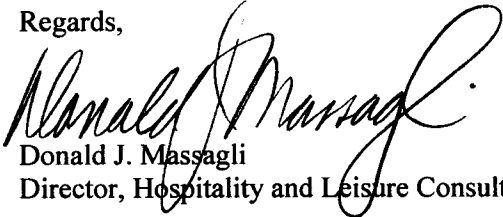
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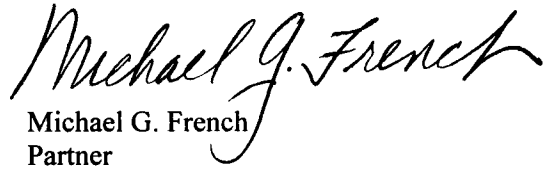
ACCEPTANCE

Please contact Don Massagli at (312) 540-2126 if there are any questions regarding the content of this letter.

To indicate City acceptance of this engagement, please sign the enclosed copy and return it to Don Massagli.

Regards,


Donald J. Massagli
Director, Hospitality and Leisure Consulting


Michael G. French
Partner

Cc: Thomas Lattin, PwC Houston

ACCEPTED

BY: _____

TITLE: _____

DATE: _____

PROFESSIONAL QUALIFICATIONS

DON J. MASSAGLI
DIRECTOR
GLOBAL HOSPITALITY & LEISURE CONSULTING PRACTICE

Mr. Massagli is the Director of PricewaterhouseCoopers L.L.P.'s Global Hospitality & Leisure Consulting Practice in Chicago.

Relevant Experience

Before joining PricewaterhouseCoopers L.L.P., Mr. Massagli was the Managing Director of Horwath Landauer Hospitality Group in Chicago.

Mr. Massagli is a specialist in the field of hotel and resort development, as well as golf and club facilities. During his 30-year career in the hospitality industry he has covered operations, marketing, development and consulting in all segments of the business including hotels, restaurants, clubs, conference centers and spas. He has served in senior management positions with nationally and internationally recognized hospitality, development, consulting and service companies.

His areas of expertise include:

- Hotel asset management and strategic planning as well as numerous operations reviews.
- Analysis of investment, feasibility and transaction due diligence
- Operational reviews focusing on departmental analysis, market positioning and financial performance
- Hotel franchise and management contract analysis, selection and negotiation
- Transaction counseling involving hospitality industry acquisition and disposition; debt and equity structuring
- Expert services related to litigation involving foreclosure, bankruptcy, management disputes, and condemnation proceedings
- Private club (country and city) operations, marketing and transaction analysis
- Golf club development and operations for championship level golf club facilities

Education

Mr. Massagli holds a B.S. in Industrial Management from San Jose State University and a B.S. in Hotel Administration from Cornell University's School of Hotel Administration. He is a member of the Cornell Hotel Society, Cornell University Real Estate Council and the International Society of Hospitality Consultants (ISHC).

Mr. Massagli has been involved in numerous professional activities as a guest lecturer; Crittenden Development Seminars, Roosevelt University (past advisory board member); Hospitality and Club Accountants Association meetings and seminars, corporate meeting and CPE classes. He has been an author or contributing expert for numerous articles on the Lodging Industry in regional and national publications, including television appearances on CNN/FNN and Chicago's CBS affiliate.

THOMAS W. LATTIN
GLOBAL HOSPITALITY & LEISURE CONSULTING

Tom Lattin is a senior hospitality industry executive with significant experience as a corporate leader, industry consultant and university educator. As a frequent speaker Mr. Lattin has addressed such groups as the American Hotel and Motel Association, the New York State Restaurant Association and several national franchisee associations. Additionally, he has faculty experience at the leading hospitality schools in the world including the Center International de Glion, Switzerland, Florida International University, University of Houston, Michigan State University and Cornell University

Mr. Lattin's credits also include the presidency of nationally recognized hotel companies, the title of national partner of hospitality advisory services with a leading accounting firm, and a senior position with a Wall Street investment banking firm. He holds Bachelor of Science and Masters degrees from Cornell University and is a Certified Public Accountant.